

ISO MINES LIMITED

Twelfth Annual Report
to
The Shareholders

FOR THE FISCAL YEAR ENDED
DECEMBER 31st, 1964



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ISO MINES LIMITED

Head Office: 366 Bay Street, Toronto, Ontario

OFFICERS:

J. P. DOLAN - - - - - - - - - - - *President*

G. C. McCARTNEY - - - - - Vice-President

R. A. CRANSTON, Q.C. - - - - - *Secretary-Treasurer*

DIRECTORS:

J. P. DOLAN

ERIC CRADOCK

G. C. McCARTNEY

PEARCE BUNTING

D. E. G. SCHMITT

TRANSFER AGENTS AND REGISTRARS:

GUARANTY TRUST COMPANY OF CANADA

AUDITORS:

JOHNSON, STEWART, BOURNE & Co.

BANKERS:

CANADIAN IMPERIAL BANK OF COMMERCE

SOLICITORS:

LANG, MICHENER, CRANSTON, FARQUHARSON & WRIGHT

ANNUAL MEETING

Wednesday, June 23, 1965, 11:00 a.m.,
Royal York Hotel, Toronto, Ontario

ISO MINES LIMITED

Report of the Directors

To the Shareholders,
ISO MINES LIMITED:

The Directors herewith submit the Twelfth Annual Report of your Company, together with Balance Sheet as at December 31st, 1964, Auditors' Report and Financial Statements. Also included is a report by your Consulting Geologist, Dr. C. P. Jenney, covering results of your Company's exploration activities in the southwestern U.S.A.

QUEBEC

Mattagami Lake Mines Limited

This Company has experienced a very successful first full year of operation. Mining of 1,282,000 tons of zinc-copper ore returned a net profit of \$12,682,738.00, while development increased ore reserves by 765,000 tons. Mill production has been increased from the original 3,000 tons per day to 3,800 tons per day.

Canadian Electrolytic Zinc Limited (62.5 per cent owned by Mattagami Lake Mines Limited) has formulated plans for gradually increased production from the present 220 tons of zinc metal per day to 400 tons of zinc metal per day.

Your Company retains its original holding of 300,000 shares Mattagami Lake Mines Limited received through participation in the Mattagami Syndicate.

Dumagami Mines Limited

During 1964, exploration activities of this Company have been concentrated on the Bousquet Township holdings. Properties in the Matagami area have been held in good standing but no further work has been done on them.

Diamond drilling to an average depth of 800 feet on the Bousquet property has indicated an ore reserve of 1,120,600 tons averaging 0.19 ounces gold, 0.58 ounces silver and 0.29 per cent copper.

In view of the moderate tonnage and grade indicated, it is not felt that development of this mine is justified under present conditions.

Your Company holds 470,666 shares Dumagami Mines Limited.

Joutel Township

The 30-claim optioned group in Joutel Township, Quebec, has been held in good standing during the year but no further exploration was carried out in 1964. Development results on neighboring properties will guide an exploration program on this property.

Wilson Township

Two groups comprising 65 claims were acquired by staking in an area 60 miles northeast of Senneterre, Quebec. Prospecting and geophysical results on both groups of claims were negative.

NORTHWEST TERRITORIES

As previously reported, your Company participated in the James River Syndicate, a prospecting venture in the Coronation Gulf area, Northwest Territories. Through the total amount of participation and monies advanced to the Development Participation (\$20,375.00) a 24.8 per cent interest was acquired in the claims staked by the Syndicate prospectors. The interest has been transferred to James River Mines Limited for approximately 200,000 shares.

Further exploration, geologic mapping and sampling of the gold-bearing quartz veins discovered on the property during the latter part of the season are planned for 1965.

SOUTHWESTERN U.S.A.

Your Company retains its 33⅓ per cent interest in the exploration program, being carried out jointly with Noranda Mines Limited, in Arizona and New Mexico. Complete details of exploration progress and results to date are set forth in the accompanying report of your consulting geologist.

Arizona

Exploration diamond drilling has been carried on continuously at the Four Metals copper property, Santa Cruz County. While drilling results on the second level were encouraging, the drilling of 7,716 feet in 20 holes on the third level at 5,090 feet gave disappointing returns in that the ore zone was found to be smaller in extent and lower in value, due to lack of secondary enrichment.

On completion of the underground drilling program, drilling from the surface was inaugurated to explore the extension of the breccia pipe at vertical depths of 1,500 to 2,000 feet.

During the year, a new molybdenite-copper discovery was made in Ventura Canyon some five miles to the northwest of the Four Metals property. Results to date are given in your consulting geologist's report. Work is continuing with two heavy duty diamond drills.

New Mexico

Further drilling and geologic mapping results on the properties located in the Tyrone District of Grant County gave no encouragement. Various claim groups held under option have been dropped, but the 46 claims acquired by staking and held under the joint venture with Noranda Mines are still in good standing.

IRELAND

No further work was done during the year in Ireland but your Company still retains a 25 per cent interest in one concession east of the Northgate property.

On behalf of the Board of Directors,

J. P. DOLAN,
President.

Toronto, Ontario,
May 27th, 1965.

ISO MINES LIMITED

Consulting Geologist's Report

The President and Directors,
ISO MINES LIMITED,
366 Bay Street,
Toronto, Ontario.

Gentlemen:

Herewith I submit my report on exploration progress and results to date on your various properties in Santa Cruz County, Arizona, and in Grant County, New Mexico, together with your other exploration activities in southwestern U.S.A. As of this date, your properties comprise 324 mining claims, which, under U.S.A. mining laws, are no more than twenty acres each, in five claim groups.

SANTA CRUZ COUNTY, ARIZONA

Four Metals Property

This group comprises 122 mining claims staked originally on March 30, 1962, and since expanded. Some of the claims do not cover a full twenty acres, but the total area comprises more than 2,000 acres.

As set forth in my report of May 26, 1964, which accompanied the Eleventh Annual Report of your Company, 18 holes had been completed for a total of 6,339 feet on the second level, elevation 5,260 feet. Since that date, 24 additional holes have been completed for a total to date of 14,055 feet. Two of these holes, Nos. 19 and 20, were drilled from the surface, about $\frac{1}{2}$ mile southeast of the main pipe area, and returned no values of importance. Sixteen holes, Nos. 21 to 36, inclusive, were drilled on the third level (elevation 5,090 feet) at angles of plus 3°. These were fanned out from the existing underground workings to test the ore zone area underlying that found on the second level. Five short holes, Nos. 37 to 41, inclusive, were put down from the third level at angles of 35° to 45°, to test areas beneath that level.

Results of the drilling on the 5090 level are considerably lower than those obtained on the second level, 170 feet above. No enriched secondary material has been intersected and the width of the ore zone has narrowed by about 50 per cent. In addition, holes drilled below the 5090 level suggest that the ore zone does not continue to any great depth. It was the depth possibilities of this orebody that we considered, originally, held the greatest promise.

Results of this drilling were:

Hole	Dip	Assay Footage	Intersection Length in Feet	Grade % Cu Core	Sludge	Total Length	Core Recovery
19	—50	Surface	Hole — No Values			340	90%
20	—50	Surface	Hole — No Values			512	
21	+3	60-120	60	1.25	1.67	500	90%
22	+3	150-240	90	0.25	0.30	408	92%
23	+3	220-280	60	0.33	0.41	465	95%
24	+3	30- 60	30	1.03	1.38	117	95%
25	+3	50-150	100	0.92	0.97	251	95%
26	+3	Low Values Only				227	100%
27	+3	160-250	90	1.59	1.96	360	100%
28	+3	120-170	50	0.50	0.34	194	100%
29	+3	180-220	40	0.45	0.61	410	100%
30	+3	Low Values Only				279	100%
31	+3	0- 30	30	1.02	N.A.	100	100%
32	+3	0-210	210	0.28	0.37	296	100%
33	+3	0-200	200	0.19	0.23	200	100%
34	+3	130-330	200	0.48	0.50	674	100%
		560-620	60	1.21#	0.32		#.165 Mo.
35	+3	0- 80	80	0.38	0.43	678	100%
36	+3	270-430	160	1.48	1.61	488	100%
37	—45	220-240	20	1.01	0.71	385	100%
38	—45	160-210	50	0.71	0.72	311	100%
39	—35	0-240	240	0.26	0.28	648	100%
40	—35	0-190	190	0.31	-----	435	100%
41	—35	Low Values Only				290	100%

Total Underground Drilling:

5090 Level	7,716
5260 Level	6,339
Total Surface Drilling to January 21, 1964	852
Total to January 21, 1965	14,907

The drilling program did not test the ground above the second level in which area the secondarily enriched blanket is known to be present. Drilling of this block of ground might add some tonnage to the total given below, but could not be expected to affect the present ore picture appreciably.

With the data at hand, an accurate total ore reserve estimate cannot be made. However, considering only the two lower levels, an estimate of 3,000,000 tons averaging 0.82% copper is considered reasonable. If we include the most optimistic estimate (both in tonnage and grade) of the material between the second level and the surface, we would have 5,000,000 tons averaging 0.90% copper.

On completion of the underground drilling on the second and third levels, a surface program was inaugurated, designed to test the depth possibilities of the breccia pipe structure at 1,500 to 2,000 feet vertically, on its northwest plunge. To date, one vertical hole has been completed at 2,161 feet with no values of importance and a second hole is drilling. This hole has intersected low copper values over a considerable footage in the monzonite but is not deep enough to have encountered the breccia pipe.

Ventura Property

This group is located some five miles northwest of the Four Metals property on the Western front of the same Patagonia Mountain Range. Access is by paved highway No. 82 eleven miles

northeast of Nogales, Arizona, and thence three miles southeast by gravel road. The claim block comprises 92 claims and fractions, the original portion of which was staked in the fall of 1961. During 1962 and 1963, four diamond drill holes on the northern and northwest portions of the original 42 claim group tested geophysical anomalies but intersected only sulphides with no copper values.

In September, 1964, a fifth hole, designated V-1, was drilled in Ventura Canyon near the south-east boundary of the original group to test a breccia pipe structure. This hole intersected important values in molybdenite, with minor copper values, and led to the staking of the additional claims noted above.

Since this hole was drilled S 60° E, all subsequent holes were drilled on a grid with this bearing, even though the main trend of the two breccia pipe structures on the surface is N 5° W. Consequently, the drill holes cut the breccia structures at a slight angle. Drilling to date has been done with heavy duty machines using mud, due to the vuggy nature of the breccia, and recovering very close to 100% of NX core. Therefore, no sludge samples are taken.

As of May 15, 1965, eighteen holes have been completed and two are drilling. The southern breccia pipe structure, which is 870 feet long and averages 160 feet wide on the surface, has been delineated on its southern and southwestern sides and is still open to the north and northeast, as well as to depth. This structure appears to be dipping steeply west and plunging steeply northwest. Ore has been intersected to depths of 1,160 and 1,260 feet in the only holes drilled to these depths.

The northern breccia pipe is 350 feet long on the surface by 140 feet wide and has been tested by two holes (Nos. 18 and 20). Mineralization in these holes shows only low copper and molybdenite values but it is considered possible that they may have been drilled too high on the structure to intersect ore. Deeper drilling tests of this breccia body are in progress.

As a rough preliminary estimate, without closure to the north and northwest, the southern breccia pipe indicates 3,000 tons to the vertical foot averaging 0.25% copper and 0.398% molybdenite.

Detailed drilling results are set forth below.

Detailed Ventura drilling results to date are:

Hole	Latitude	Departure	Bearing	Dip	Intersection	Feet	Assay		Total Depth
					Footage		% Cu	% MoS ₂	
1	20,000N	20,000E	S 60 E	50°	260-360	100	.24	.851	485
2	19,995N	20,005E	S 60 E	30°	260-340	80	.20	.180	462
3	20,000N	20,000E	S 60 E	70°	240-420	180	.18	.515	551
4	20,000N	20,000E	S 60 E	85°	250-610	360	.31	.403	703
5	20,207N	19,880E	S 60 E	—50°	290-400	110	.17	.310	527
6	20,207N	19,880E	S 60 E	—80°	480-650	170	.11	.290	763
7	20,060N	19,910E		90°	540-890	350	.28	.633	961
8	19,913N	19,970E	S 60 E	50°	180-370	190	.20	.400	438
9	20,120N	19,817E		90°	880-1260	380	.41	.185	1399
10	19,913N	19,970E	S 60 E	75°	180-430	250	.12	.525	485
11	19,772N	20,015E	S 60 E	50°	90-270	180	.09	.217	364
12	19,772N	20,015E		90°	230-240	10	.04	.220	716
13	20,247N	19,794E		90°	880-1160	280	.35	.288	1416
14	19,665N	20,008E	S 60 E	50°			No Values		595
15	19,665N	20,008E		90°			No Values		228
16	20,450N	19,828E	S 60 E	50°			Low Values		723
17	20,001N	19,835E		90°			No Values		855
18	20,719N	19,967E	S 60 E	50°	Assays incomplete but low				586
19	20,323N	19,853E		90°	750-800*	50*	.09	.480	
20	20,719N	19,967E	S 60 E	75°	Assays incomplete but low				

* NOTE: Hole No. 19 was reported to be drilling in ore to 1132 feet (for an intercept of 477 feet) with weaker mineralization to the present depth of 1339 feet.

Shamrock Group

These 16 claims were staked on March 30, 1962, and have since been mapped, geologically, and covered by geophysical surveys. In February, 1963, one 488 foot vertical hole was put down to test a geochemical anomaly, with negative results. Four breccia pipe structures are known to be present on the claims and subsequent geological and geochemical surveying have directed our attention to a more favorable drill site. This hole will be drilled in the near future.

Red Top Property

This group is located three miles southwest of the Four Metals property and consists of 50 mining claims. Access is by paved highway No. 82 seven miles northeast of Nogales, Arizona, thence east by gravel road seven miles. The claims were staked early in 1965 to cover a geochemical anomaly coincident with an induced polarization anomaly.

A breccia pipe structure is known to be present on the property 3,000 feet northeast of the present area of interest. This breccia pipe was tested by one drill hole put down by another company about 15 years ago, with negative results.

On completion of location work necessary to validate the claims, the area of interest will be mapped geologically. If results are favorable, a diamond drilling program will be initiated.

GRANT COUNTY, NEW MEXICO

Tyrone Property

Results of further geologic work and two short churn drill holes continued to be disappointing, and options held on various groups in this area were dropped. West Range continues to hold 46 mineral claims obtained by staking.

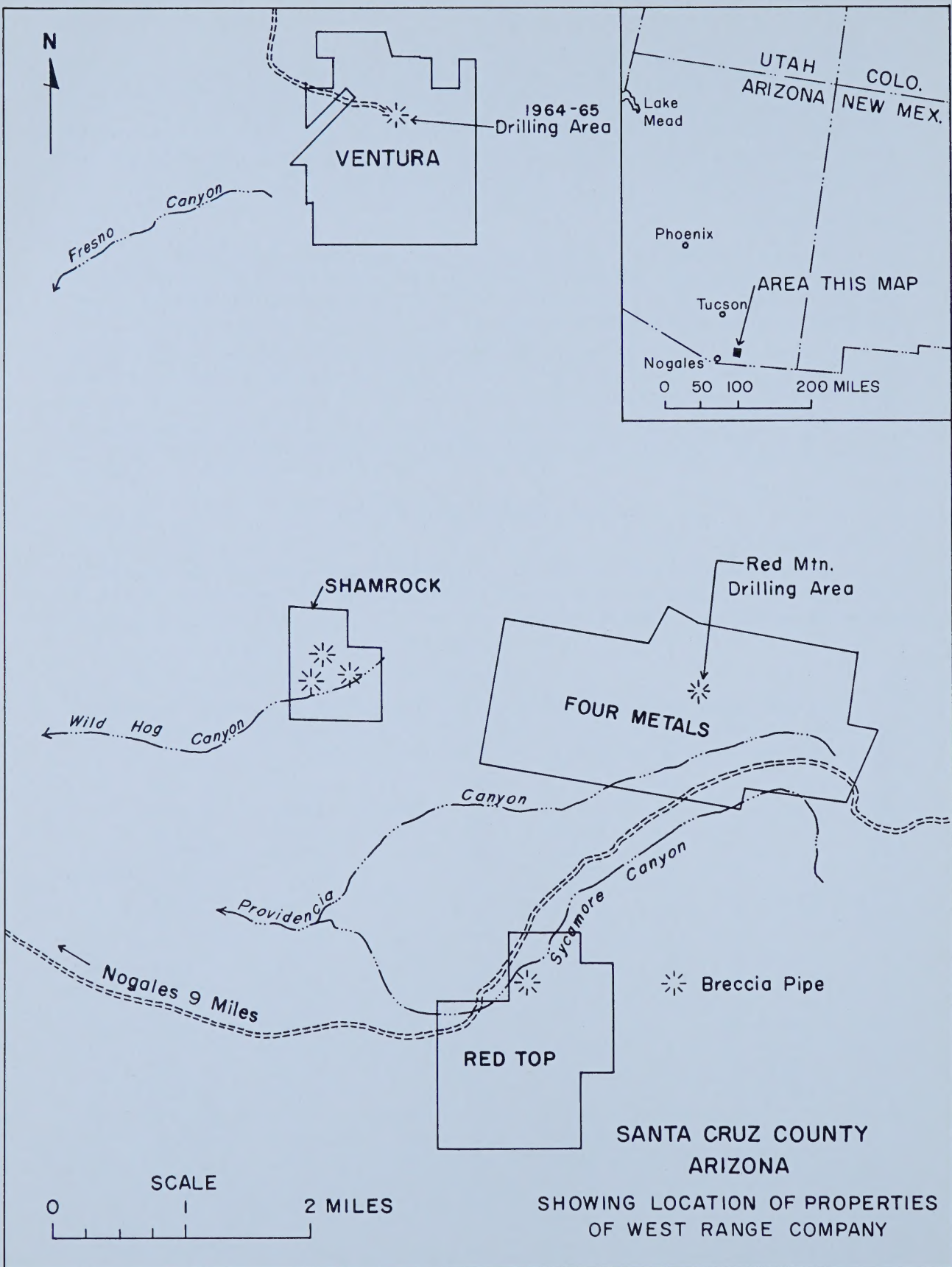
GENERAL

The discovery of the Ventura molybdenite deposit has opened up a number of interesting prospecting possibilities. Consequently, a continuation of the original prospecting program, based on experience and procedures established to date, has been recommended.

Respectfully submitted,

C. P. JENNEY,
Consulting Geologist.

Tucson, Arizona,
May 25, 1965.



ISO MINES LIMITED

(Incorporated under the Laws of the Province of Ontario)

BALANCE SHEET AS AT 31 DECEMBER, 1964

ASSETS

Current:

Cash in Bank	\$	16,727.73	
Accounts Receivable		873.55	
Field Advances		2,669.26	\$ 20,270.54

Investments:

Marketable Securities at Cost and having a quoted market value of \$7,093,826.22 — Schedule A	\$	298,118.37	
Shares in and Advances to other Companies at Cost or Nominal Value and having no quoted market value — Schedule B		5,111.00	303,229.37

Mining Claims and Interests Therein at Cost — Schedule C			381,799.19
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Fixed — at Cost:

Camp, Field and Mine Equipment	\$	6,480.73	
Office Equipment		2,463.75	8,944.48

Other:

Deferred Development and Administration Charges — Schedule D	\$	326,500.90	
Incorporation Expense		3,819.15	330,320.05
			<u>\$ 1,044,563.63</u>

Security Held by the Bank:

Certain of the Company's Marketable Securities

LIABILITIES

Current:

Bank Loans — Secured	\$	500,000.00	
Accounts Payable		44,769.81	\$ 544,769.81

CAPITAL

Authorized — 5,000,000 Shares of \$1.00 each	<u>\$ 5,000,000.00</u>	
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Issued — 3,250,005 Shares

For Mining Claims — Schedule C:

1,000,000 Shares	\$ 1,000,000.00	
Less: Discount thereon	950,000.00	\$ 50,000.00

For Cash:

2,250,005 Shares	\$ 2,250,005.00	
Less: Discount thereon	1,325,000.00	925,005.00

	\$	975,005.00	
Capital Deficit		475,211.18	499,793.82

\$ 1,044,563.63

Approved on behalf of the Board:

J. P. DOLAN, Director.

G. C. McCARTNEY, Director.

AUDITORS' REPORT

We have examined the balance sheet of Iso Mines Limited as at 31 December, 1964 and the statement of capital deficit and schedule of deferred development and administration charges for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above balance sheet and statement of capital deficit and schedule of deferred development and administration charges present fairly the financial position of the Company as at 31 December, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
12 April, 1965.

JOHNSON, STEWART, BOURNE & CO.,
Chartered Accountants.

ISO MINES LIMITED

STATEMENT OF CAPITAL DEFICIT

For the Year Ended — 31 December, 1964

Balance — 1 January, 1964		\$373,797.14
Add — Non-productive Prospecting and Development Expenses — Schedule E	\$18,963.97	
— Write Down of Book Value of Unlisted Securities	14,750.00	
— Write Off of Prior Years' Development Costs on Claims Abandoned during 1964 — Schedule F	67,700.07	101,414.04
Balance — 31 December, 1964		<u>\$475,211.18</u>

"SCHEDULE A"

SCHEDULE OF INVESTMENTS IN MARKETABLE SECURITIES

AS AT 31 DECEMBER, 1964

	Number of Shares	Cost	Quoted Market Value as at 31 Dec., 1964
Dumagami Mines Limited	470,666	\$ 85,333.00	\$ 315,346.22
Kenting Aviation Limited	1,000	6,500.00	5,000.00
Mattagami Lake Mines Limited	300,000	90,000.00	6,225,000.00
Orchan Mines Limited	85,700	116,285.37	548,480.00
		<u>\$298,118.37</u>	<u>\$ 7,093,826.22</u>

"SCHEDULE B"

SCHEDULE OF INVESTMENTS IN OTHER COMPANIES HAVING

NO QUOTED MARKET VALUE AS AT 31 DECEMBER, 1964

	Number of Shares Escrow Free		Cost or Written Down Value
Shareholdings			
Amagami Mines Limited	45,000	5,000	\$ 1.00
Blondeau Nickel Mines Limited		120,000	1.00
Conagami Mines Limited		91,083	1.00
Consular Hawker Mines Limited		65,330	1.00
Contact Minerals Limited		25,000	1.00
Dolan — Creelman Trust Company of Ireland Limited		1	1.00
Kenpat Mines Limited		80,000	1.00
Magado Mines Limited		62,500	1.00
Marmattagami Mines Limited	67,500	7,500	1.00
Noront Mining Company Limited		505,659	1.00
Watson Lake Mines Limited	91,250	75,417	1.00
			<u>\$ 11.00</u>
Advances			
Dumagami Mines Limited			5,100.00
			<u>\$5,111.00</u>

"SCHEDULE C"

SCHEDULE OF MINING CLAIMS AND INTERESTS THEREIN

AS AT 31 DECEMBER, 1964

	1,000,000 Shares Issued at 5¢ each	Development Costs		Cost at 31 Dec., 1964
		1963 and Prior	1964	
Arizona				
33 $\frac{1}{8}$ % Interest in an exploration project in Arizona and New Mexico	—	\$113,492.36	\$128,035.11	\$241,527.47
North West Territories				
24.8% Interest in the James River Syndicate covering 60 claims	—	20,375.00	—	20,375.00
Quebec				
100% Interest in 30 Unpatented claims in Joutel Township under option	—	63,462.07	6,434.65	69,896.72
Saskatchewan				
100% Interest in 12 and a fraction leased claims comprising the Ham Group	\$50,000.00	—	—	50,000.00
	<u>\$50,000.00</u>	<u>\$197,329.43</u>	<u>\$134,469.76</u>	<u>\$381,799.19</u>

ISO MINES LIMITED

"SCHEDULE D"

SCHEDULE OF DEFERRED DEVELOPMENT AND ADMINISTRATIVE CHARGES FOR THE YEAR ENDED — 31 DECEMBER, 1964

Deferred Development at 1 January, 1964			\$177,400.35
Added During 1964			
Taxes and Licences	\$	837.85	
Workmen's Compensation		88.80	926.65
			<u>\$178,327.00</u>
Deferred Administration at 1 January, 1964	\$107,969.64		
Added During 1964			
Advertising	\$	233.50	
Bank Charges		83.59	
Interest		22,432.06	
Legal and Audit		3,095.00	
Office Expense		83.95	
Office Rental		4,620.00	
Office Salaries		5,400.00	
Postage		112.72	
Publications and Shareholders Reports		2,156.70	
Stationery and Supplies		443.03	
Stock Exchange Fees		200.00	
Telephone and Telegraph		1,021.20	
Transfer Agents Fees and Expenses		806.31	
Unemployment Insurance		48.96	
		<u>\$40,737.02</u>	
Less — Sundry Income		532.76	40,204.26
			<u>148,173.90</u>
Total Deferred Development and Administration as at 31 December, 1964			<u>\$326,500.90</u>

"SCHEDULE E"

SCHEDULE OF NON-PRODUCTIVE PROSPECTING DEVELOPMENT AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER, 1964

Ontario	\$	8,481.87
Quebec		1,982.12
Wilson Lake		8,499.98
Transferred to Deficit Account	\$	<u>18,963.97</u>

"SCHEDULE F"

SCHEDULE OF PRIOR YEARS' DEVELOPMENT COSTS ON CLAIMS ABANDONED DURING 1964

Ireland		
25% Interest in 7 Prospecting Licenses, held in the name of the Dolan - Creelman Trust Company of Ireland Limited, see Shares in Other Companies, of which 6 have been abandoned	\$	37,882.83
Quebec		
50% Interest in 15 Unpatented Claims in Dubuissou Township		29,817.24
Transferred to Deficit Account	\$	<u>67,700.07</u>

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